

31700 MIDDLEBELT ROAD, SUITE 150, FARMINGTON HILLS, MI 48334-2374 • 721 N. CAPITOL, SUITE 2, LANSING, MI 48906-5163
ZAUSMER, KAUFMAN, AUGUST & CALDWELL, P.C.,

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

LINDA A. WATTERS, Commissioner,
Office of Financial and Insurance Services
for the State of Michigan,

Petitioner,
v.

Case No.: 03-1127-CR
Honorable William E. Collette

THE WELLNESS PLAN, a Michigan
health maintenance organization,

Respondent.

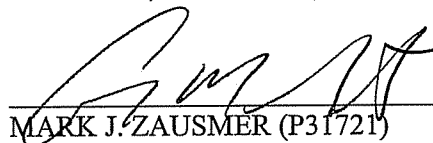
MARK J. ZAUSMER (P31721)
AMY M. SITNER (P46900)
Zausmer, Kaufman, August & Caldwell, P.C.
Attorneys for the Rehabilitator
31700 Middlebelt, Suite 150
Farmington Hills, MI 48334
(248) 851-4111

NOTICE OF HEARING

PLEASE TAKE NOTICE THAT the Rehabilitator's Petition for an Order Approving The Rehabilitator's Pre-Hearing Medical Provider Claim Determinations and Allowing Disbursement of Funds to Pay Approved Pre-Rehabilitation Medical Provider Claims will be held before this Honorable Court on August 31, 2005 at 10:00 a.m., or as soon thereafter as counsel may be heard.

Respectfully, Submitted,

ZAUSMER, KAUFMAN, AUGUST & CALDWELL, P.C.



MARK J. ZAUSMER (P31721)
AMY M. SITNER (P46900)
Attorneys for Petitioner, Rehabilitator of The Wellness Plan
31700 Middlebelt Road, Suite 150
Farmington Hills, MI 48334

Dated: August 5, 2005 (248) 851-4111

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

LINDA A. WATTERS, Commissioner,
Office of Financial and Insurance Services
for the State of Michigan,

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v.

Case No.: 03-1127-CR
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REHABILITATOR'S PETITION FOR AN ORDER APPROVING
THE REHABILITATOR'S PRE-REHABILITATION
MEDICAL PROVIDER CLAIM DETERMINATIONS
AND ALLOWING DISBURSEMENT OF FUNDS TO PAY
APPROVED PRE-REHABILITATION MEDICAL PROVIDER CLAIMS

Linda A. Watters, Commissioner of the Office of Financial and Insurance Services, in her capacity as Rehabilitator of The Wellness Plan, through her attorneys, Zausmer, Kaufman, August & Caldwell, P.C., pursuant to MCL 500.8114 and consistent with MCL 500.8143 and MCL 500.8144, asks the Court to enter an Order Approving the Rehabilitator's Pre-Rehabilitation Medical Provider Claim Determinations and allowing Disbursement of Funds to Pay Approved Pre-Rehabilitation Medical Provider Claims. In support of this Petition, the Rehabilitator states as follows:

1. On June 17, 2005, this Court entered an Order holding that pre-rehabilitation medical provider claims against The Wellness Plan were entitled to Class 2 status in accordance with MCL 500.8142. The June 17 Order is attached as Exhibit A. Under MCL 500.8142, Class 2 claims must be paid in full before claims of any lower priority class can be paid. The Rehabilitator is now in a financial position to pay pre-rehabilitation medical provider claims in full. Therefore, in order to implement the Court's June 17 Order, the Rehabilitator asks the Court to approve her claim determinations and to approve disbursement of funds to pay the pre-rehabilitation claims of medical providers, as specified below.

2. The procedure for filing and resolving claims in this Rehabilitation proceeding was initially set by this Court in its September 11, 2003 Order for Approval of the Rehabilitation Claims Filing Procedure and Deadline for the Submission of Creditor Claims to the Rehabilitator. The September 11 Order, attached as Exhibit B, requires that all "Creditors" of The Wellness Plan, as that term is defined in the Order, file timely proofs of claim with the Rehabilitator to preserve their claims for "goods or services provided prior to July 1, 2003." The Order required that all claims be submitted on the claims form attached to the Order and that all claims be delivered to the Rehabilitator by 5:00 p.m. on Friday, October 24, 2003. The Order firmly stated that claims not received by the deadline were waived:

Claims not received by the Rehabilitator by 5:00 p.m., Friday, October 24, 2003 are waived, including objections to the treatment of a claim or the failure to list or provide for the payment of a claim in a Rehabilitation Plan.

Exhibit B at p 3, ¶ 7 (emphasis in original).

3. On December 2, 2004, this Court approved the next step in the claims adjudication process when it issued an Order Approving Claims Adjudication Procedures for Pre-Rehabilitation

Medical Provider and Vendor Claims. Exhibit C. That Order approved claims adjudication procedures for pre-rehabilitation medical provider and vendor claims that were set forth in the Rehabilitator's Petition to Approve Claims Adjudication Procedures for Pre-Rehabilitation Medical Provider and Vendor Claims ("Claims Procedures"), filed on or about November 30, 2004. Exhibit

D. In particular, the approved Claims Procedures reaffirmed that claims that were not timely filed were waived:

This Court's September 11, 2003 order provided that pre-rehabilitation claims are waived if a completed rehabilitation claim form is not received by the Rehabilitator by 5:00 pm on Friday, October 24, 2003. Accordingly, each claimant who filed a claim form that was received by the Rehabilitator after this claim filing deadline will be notified by certified mail that their claim is denied.

Exhibit D at p 1-2, ¶ 2.

4. In accordance with ¶ 4 of the Claims Procedures, on or about February 14, 2005, the Rehabilitator sent Explanation of Payment ("EOP") letters via certified mail to 1,130 medical providers. Where applicable, each EOP, similar to the form letter attached as Exhibit E, enclosed a list of the Rehabilitator's approved reimbursement amounts for the medical provider's claims. Also, in compliance with ¶ 6 of the Claims Procedures, each medical provider was advised that any objection to the Rehabilitator's approved amount must be in writing, filed within 30 days from the provider's receipt of the letter and include documentation to support the claim.

5. Forty of the EOP letters sent on or about February 14, 2005, were returned as refused, undeliverable or unclaimed. Where applicable, the Rehabilitator proposes to pay the approved reimbursement amount for these claims, as set forth in the February 14 letters and reflected in the relevant exhibit discussed below.

6. Attached as Exhibit F is a list of providers who received an EOP concluding that the

Rehabilitator had denied their claim for failure to file a timely proof of claim form and who did not respond with any objection to that determination. The Rehabilitator recommends and asks the Court to approve denial of each claim listed in Exhibit F without the need for further notification of the listed providers.

7. Attached as Exhibit G is a list of providers who received an EOP concluding that the Rehabilitator had denied their claim for failure to file a timely proof of claim form and who responded with an objection to that determination, but who failed to produce evidence that their proof of claim form was in fact timely received. The Rehabilitator responded to these objections by sending a denial letter along with a copy of the Court's September 11, 2003 Order containing the requirements for filing a proof of claim form and the deadline for doing so. This letter also stated that if the provider could produce evidence that it had submitted a timely proof of claim form, the Rehabilitator would review the denial. The Rehabilitator received no additional correspondence from the providers who were sent this denial letter. The Rehabilitator recommends and asks the Court to approve denial of each claim listed in Exhibit G without the need for further notification of the listed providers.

8. A number of providers produced evidence that their proof of claim forms were in fact timely received. The Rehabilitator responded to these providers with letters evaluating the substance of their claims, and their claims were added to the lists of timely-filed claims for further processing.

9. Attached as Exhibit H is a list of providers who filed timely proof of claim forms and who did not object to the Rehabilitator's approved claim amount, which is also set forth in Exhibit H.¹ The Rehabilitator recommends and asks the Court for approval of these claims in the amounts

¹The payable amount for both Exhibit H and Exhibit K, *infra*, is the amount listed in the column labeled "Amount Payable in Amysis [Claims Processing System]," except in

set forth in Exhibit H. The Rehabilitator further asks that the Court approve disbursement of funds from The Wellness Plan to pay these approved amounts, subject to the requirements of ¶¶ 15 and 16 below.

10. ~~Attached as Exhibit K is a list of providers who filed timely proof of claim forms and~~ who responded with objections to the Rehabilitator's initial approved claim amount. With respect to most of these objections, the Rehabilitator has evaluated each objection and responded with a letter that either modified the approved claim amount in response to the objection or explained the Rehabilitator's decision not to modify the approved amount. In accordance with ¶ 7 of the Claims Procedures, each of these providers was advised that if the provider was not satisfied with the Rehabilitator's response to the objection, the provider could request facilitation of the dispute by a private facilitator, with the Rehabilitator and the provider each paying fifty percent of the cost of facilitation.

11. The providers listed in Exhibit K with a dollar figure appearing in the "Amount Payable in Amysis" column accepted the Rehabilitator's response to their objection and did not request facilitation regarding the amount of their claim. The Rehabilitator recommends and asks the Court for approval of these claims in the amounts, as adjusted, which are set forth in Exhibit K.² The Rehabilitator further asks that the Court approve disbursement of funds from The Wellness Plan

the case of 24 providers whose proof of claim stated an amount that was less than the amount otherwise payable in the Amysis system. The list of these 24 providers is attached as Exhibit I. The complete "payment logic" used by the Wellness Claims Department is set forth in the attached Exhibit J.

²The Rehabilitator's settlement with the St. John's Hospital group provides for the group to receive \$33,000 above the amounts stated in the Amysis Payable column of Exhibit K for these providers. The \$33,000 amount will be distributed among the St. John's providers in a manner to be determined by St. John's.

to pay these approved amounts, subject to the requirements of ¶¶ 15 and 16 below.

12. To date one medical provider, Hackley Hospital, has requested facilitation of its claim based on dissatisfaction with the Rehabilitator's response to its objection. The claim will be facilitated in accordance with this Court's July 1, 2005 Order Approving the Use of Facilitators In Resolving Disputed Medical Provider Claims Pursuant to the Court's Order Approving Claim Adjudication Procedures (attached as Exhibit L).³ The Rehabilitator therefore asks the Court to delay any payment on Hackley Hospital's claim listed in Exhibit J pending resolution of the approved claim amount. The Rehabilitator agrees to retain funds during that period sufficient to pay an amount up to the figure that Hackley Hospital claims is due.

13. The Rehabilitator is continuing to review objections received from the following large providers whose claims are listed in Exhibit K: Henry Ford Hospital System, Oakwood Hospital System, Detroit Medical Center Hospital System, Hurley/Binson's Medical Equipment and Bio-Medical Labs/Spectra East, a dialysis provider.⁴ The Rehabilitator therefore asks the Court to delay any payment on these claims, listed as "On Hold" in Exhibit K, pending resolution of the claim amounts. The Rehabilitator agrees to retain funds during that period sufficient to pay an amount up to the figures that these providers claim is due.

14. In addition to the above, the Rehabilitator asks that any payment to the Detroit

³The details of the approved facilitation process are set forth in a Brief in Support of the Petition requesting entry of the facilitation Order. Interested parties should contact counsel for the Rehabilitator directly to obtain a copy of the Brief.

⁴Each of the various individuals and practices listed as "On Hold" in Exhibit K falls under one of these large groups. This can be tracked through the applicable IRS number.

Medical Center ("DMC") for the claims listed in Exhibit K only⁵ be delayed pending resolution of the amount owed by DMC to The Wellness Plan under the capitated contract between these parties.⁶ It is anticipated this dispute will be subject to the facilitation procedures mentioned above.

15. The Rehabilitator recommends and asks the Court to require that each Michigan hospital listed in Exhibit H or K, prior to receiving a disbursement from The Wellness Plan, shall either (1) provide the Rehabilitator with a report meeting acceptable accounting standards that lists (a) outstanding credit balance refunds due to The Wellness Plan for the period from July 1, 2002 through the present and (b) credit refund balances written off for the period from July 1, 2002 through the present, or (2) submit to an audit by a mutually acceptable auditor to determine any such amounts. The Rehabilitator recommends and asks the Court to approve an offset of any amount determined to be due from a hospital under this paragraph against any amount due from The Wellness Plan to the relevant hospital for pre-rehabilitation claims. The Rehabilitator recommends and asks the court to approve facilitation of any disputes resulting from this process, in accordance

⁵This would not apply to DMC claims listed in Exhibit H.

⁶The Wellness Plan and DMC entered into a capitated hospital agreement with an effective date of May 1, 2002. Under the terms of this capitation agreement, The Wellness Plan members assigned under the agreement were to use DMC facilities for inpatient and outpatient care. This agreement contained a "leakage" provision, which allowed The Wellness Plan to withhold 15% of the monthly capitation toward payment of medical claims incurred when a member assigned to DMC used a non-DMC facility for care. Such "leakage" could occur because DMC did not have an available hospital bed, the member required emergency care, or the member was admitted to a non-DMC hospital and the member's medical condition did not permit them to be moved to a DMC facility. If the annual leakage exceeded 15% but was below 20%, The Wellness Plan was entitled to recoup one half of the leakage over 15% from DMC. While The Wellness Plan made all contracted capitation payments to DMC through September 30, 2004, the leakage occurring during the 2002, 2003 and 2004 contract years remains a matter of dispute between the parties. The Wellness Plan contends that DMC owes it a substantial amount of money and claims a right of offset against amounts that may be due to DMC for both pre- and post-rehabilitation claims.

with the Facilitation Order attached hereto as Exhibit L, with each party bearing fifty percent of the cost of facilitation.

16. Attached as Exhibit M is a listing of negative balances The Wellness Plan believes are owed to it by the identified medical providers. The Rehabilitator recommends and asks the Court to approve an offset of any negative balance amount determined to be due from a medical provider under this paragraph against any amount due from The Wellness Plan to the relevant medical provider for pre-rehabilitation claims.⁷ If any provider wishes to contest a negative balance amount, the Rehabilitator recommends and asks the Court to approve facilitation of the dispute, pursuant to the Facilitation Order attached hereto as Exhibit L, with each party bearing fifty percent of the cost of facilitation.

17. In addition to the 1,130 EOPs that were sent to medical providers, the Rehabilitator adjudicated the claims of eight Independent Practice Associations ("IPAs") that had capitated contracts with The Wellness Plan and that filed proof of claim forms. The Wellness Plan advised these IPAs by letter of any approved claim amount and responded to any objections received as to these amounts. The Rehabilitator asks the Court to approve her recommendations regarding these claims, which are set forth in the attached Exhibit N, and to approve disbursement of funds from The Wellness Plan to pay approved amounts, subject to the requirements of ¶¶ 15 and 16 above.

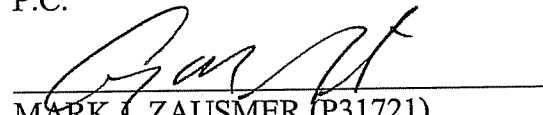
WHEREFORE, for the reasons stated above, the Rehabilitator asks this Court to enter the

⁷Negative balance information fluctuates day to day, so any listing provides only a snapshot of the information available at the time the report is generated. Providers may note that the amounts listed in Exhibits H and J vary from the amounts listed in the EOP previously provided by the Rehabilitator. This is because the negative balance information known on the date of the EOP was deducted from the approved claim amounts. By contrast, negative balances were not deducted from the approved claim amounts listed in Exhibits H and J.

accompanying proposed Order Approving the Rehabilitator's Medical Provider Pre-Rehabilitation Claim Determinations and allowing Disbursement of Funds to Pay Approved Medical Provider Pre-Rehabilitation Claims.

Respectfully Submitted,

ZAUSMER, KAUFMAN, AUGUST & CALDWELL,
P.C.



MARK J. ZAUSMER (P31721)

AMY M. SITNER (P46900)

Attorneys for The Wellness Plan

31700 Middlebelt, Suite 150

Farmington Hills, MI 48334

(248) 851-4111

Dated: August 5, 2005

31700 MIDDLEBELT ROAD, SUITE 150, FARMINGTON HILLS, MI 48334-2374 • 721 N. CAPITOL, SUITE 2, LANSING, MI 48906-5163
ZAUSMER, KAUFMAN, AUGUST & CALDWELL, P.C.

ZAUSHER, KAUFMAN, AUGUST & CALDWELL, P.C.,
31700 MIDDLEBELT ROAD, SUITE 150, FARMINGTON HILLS, MI 48334-2374 • 721 N. CAPITOL, SUITE 2, LANSING, MI 48906-5163

Freda A. Rucinski, states that on August 5, 2005, she did serve a copy of the Rehabilitator's Petition for an Order Approving The Rehabilitator's Pre-Rehabilitation Medical Provider Claim Determinations and Allowing Disbursement of Funds to Pay Approved pre-Rehabilitation Medical Provider Claims and this Proof of Mailing by enclosing copies of said documents in a sealed envelope, with prepaid, first-class postage affixed and addressed to box in Farmington Hills, Michigan addressed to:

Patrick J. Haddad, Esq.
Kerr Russell & Weber, PLC
500 Woodward Ave., Suite 2500
Detroit, MI 48226

James Gerber
7700 Second Avenue
Detroit, Michigan 48202

William S. Hammond, Esq.
640 Griswold Street
Northville, MI 48167

Charles N. Raimi, Esq.
The Detroit Medical Center Legal Dept
3990 John R Street #7 Brush West
Detroit, MI 48201

Alan Rogalski, Esq.
Foster, Swift, Collins & Smith, P.C.
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Scott A. Mandel, Esq.
Foster Swift Collins & Smith, P.C.
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Lansing, MI 48933

Joseph T. Aoun
Nuyen, Tomtishen & Aoun, P.C.
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Northville, MI 48167

Clinton Canady, Esq.
2800 East Grand River
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Chris Cataldo, Esq.
Richard Kruger, Esq.
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Katharyn A. Barron, Esq.
Assistant Attorney General
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525 West Ottawa Street
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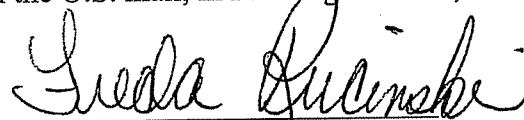
Melvin R. Schwartz, Esq.
24445 Northwestern Highway
Suite 200
Southfield, MI 48075

Melvin Butch Hollawell, Esq.
400 Monroe Street
Suite 220
Detroit, MI 48226

Stanley Kirk
The Wellness Plan
7700 Second Avenue
Detroit Michigan 48202

Scott R. Sewick, Esq.
P.O. Box 786s
175 West Apple Avenue
Muskegon, MI 49443

and depositing said envelope in the U.S. mail, in Farmington Hills, Michigan.


FRED A. RUCINSKI

A

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL DISTRICT
INGHAM COUNTY

LINDA A. WATTERS, COMMISSIONER,
OFFICE OF FINANCIAL AND INSURANCE
SERVICES FOR THE STATE OF MICHIGAN,

Petitioner,

File No.: 03 1127 CR

v

Honorable William E. Collette

THE WELLNESS PLAN,
a Michigan health maintenance organization,

Respondent.

MARK J. ZAUSMER (P 31721)
AMY M. SITNER (P 46900)
Zausmer, Kaufman, August & Caldwell, P.C.
Attorneys for Petitioner
31700 Middlebelt Road, Suite 150
Farmington Hills, Michigan 48334
248/851-4111

FILED
2005 JUN 22 A 9:25
MIKE BRYANTON
CLERK OF THE 30TH
JUDICIAL CIRCUIT COURT
INGHAM COUNTY CLERK

ORDER REGARDING CLAIM PRIORITIES

At as session of said Court, held in the Courtroom thereof, in
the City of Mason, County of Ingham, State of Michigan, this

6-17-05

PRESENT: HON. _____

CIRCUIT COURT JUDGE

This matter having come before the Court on the Rehabilitator's Request for a briefing
schedule and hearing on the issue of the priority of claims against The Wellness Plan under
Section 8142 of Chapter 81 of the Michigan Insurance Code of 1956, MCL 500.8142, Briefs

ZAUSMER, KAUFMAN, AUGUST & CALDWELL, P.C.,
31700 MIDDLEBELT ROAD, SUITE 160, FARMINGTON HILLS, MI 48334-2374 • 721 N. CAPITOL, SUITE 2, LANSING, MI 48906-6163

having been filed and the Court having heard oral argument and being otherwise fully advised in the premises:

~~IT IS ORDERED that the pre-rehabilitation claims of medical providers against The~~
Wellness Plan will be classed and, upon Court approval, paid as Class 2 claims, consistent with MCL 500.8142(1)(b).

IT IS FURTHER ORDERED that the claims of medical malpractice Plaintiffs will, upon Court approval, be paid out of the self-insured trust account ("Trust") established for the payment of such claims; any amounts determined by the Court to be owed on medical malpractice claims above the amount in the Trust will be classed and paid out as Class 4 claims, consistent with MCL 500.8142(1)(d).

IT IS FURTHER ORDERED that the Rehabilitator will, as soon as practicable, prepare and file a petition or petitions, consistent with MCL 500.8143(1) and this Court's prior Orders, setting forth a report of pre-rehabilitation provider claims against The Wellness Plan and the Rehabilitator's recommended claim amounts, which report will be approved, disapproved or modified by this Court consistent with MCL 500.8143(2) and this Court's prior Orders. Pursuant

to MCL 2.604(B), there is no just reason for delay, and this is a final order.


CIRCUIT COURT JUDGE

B

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

LINDA A. WATERS, COMMISSIONER,
OFFICE OF FINANCIAL AND INSURANCE SERVICES
FOR THE STATE OF MICHIGAN,

Petitioner,

v

File No. 03-1127-CR ✓

THE WELLNESS PLAN,
a Michigan health maintenance organization

Hon. William E. Collette

Respondent.

ORDER FOR APPROVAL OF THE
REHABILITATION CLAIMS FILING PROCEDURE
AND
DEADLINE FOR THE SUBMISSION OF
CREDITOR CLAIMS TO THE REHABILITATOR

At a session of said court
held in the Circuit Courtrooms
for the County of Ingham, State of Michigan
on the 11th day of September 2003.

PRESENT: HONORABLE WILLIAM E. COLLETTE
CIRCUIT JUDGE

FILED
CLERK OF THE 30TH
JUDICIAL CIRCUIT COURT
INGHAM COUNTY CLERK

2003 SEP 11 P 2:43

FILED

Whereas, the Rehabilitator has filed a Petition for Approval of the Claims Filing
Procedures,

The Court finds:

1. Based on MCL 500.803(b), a creditor is a person having a claim against The
Wellness Plan (Wellness), whether matured or unmatured, liquidated or unliquidated, secured or
unsecured, absolute, fixed, or contingent.

2. Based on MCL 500.8105(1), the Court is authorized to enter an Order it considers to be necessary and proper to prevent:

- a. Interference with the Rehabilitator or with the Rehabilitation proceedings;
- b. The institution or further prosecution of any actions or proceedings against Wellness, its assets, or its members;
- c. The obtaining of preferences, judgments, attachments, garnishments, or liens against Wellness, its assets or its members;
- d. The levying of execution against Wellness, its assets, or its members;
- e. Any other threatened or contemplated action that might lessen the value of Wellness' assets or prejudice the rights of its members, creditors, or the administration of this rehabilitation proceeding.

3. All creditor claims against Wellness are within the jurisdiction of this Court and will be determined, resolved, paid, and/or discharged, in whole or in part, according to the terms and conditions of an approved Rehabilitation Plan.

4. Creditor claims for goods or services provided on or after July 1, 2003 are being paid pursuant to the Court's July 1, 2003 Rehabilitation Order.

5. There is a need to set a procedure for the orderly submission and verification Creditor claims based on goods or services provided prior to July 1, 2003.

Therefore, IT IS HEREBY ORDERED that:

1. Wellness shall serve on each known creditor a copy of this Order and a copy of the Claim Form that is Attachment 1 to this Order.

2. Any documents and notices required to be served on Creditors by this Order may, at the Rehabilitator's discretion, be provided in electronic format by mailing a compact disk (CD) or computer disk containing the documents and notices to Creditors.

3. A copy of this Order and the claims form shall be maintained on the Office of Financial and Insurance Services' website: www.michigan.gov/ofis/.

4. Wellness shall publish the Notice attached hereto as Attachment 2 on five (5) consecutive days, at least ten (10) days prior to the claims filing deadline, in a newspaper general circulation in Michigan.

5. For purposes of this Order:

- a. A Claim is defined as a liability of The Wellness Plan, its officers, or employees that is matured or unmatured, liquidated or unliquidated, secured or unsecured, absolute, fixed or contingent that arises out of the operation of The Wellness Plan or an officer or employee's duties while employed by The Wellness Plan.
- b. A Creditor shall be defined as set forth in MCL 500.8103(b).
- c. A Pre-rehabilitation Claim means a claim that arose prior to July 1, 2003.

6. On or before 5:00 p.m., Friday, October 24, 2003 each Creditor shall in writing deliver to the Rehabilitator a completed rehabilitation claim form as required by paragraph 8 of this Order.

7. **Claims not received by the Rehabilitator by 5:00 p.m., Friday, October 24, 2003 are waived, including objections to the treatment of a claim or the failure to list or provide for the payment of a claim in a Rehabilitation Plan.**

8. All Creditors shall use a copy of the claims form attached as Attachment 1 to this Order. Claim verification process:

a. Medical Providers:

- 1. Medical Providers who are creditors of The Wellness Plan shall use The Wellness Plan's Internet-based program, Net Manager, to check the status and dollar amount of their claims based on goods or services provided to The Wellness Plan members prior to July 1,

2003 and to identify any claims in their records that are not listed on Net Manager. To obtain a user name and password, contact The Wellness Plan at (800) 875-WELL (800-875-9355).

2. The claim form filed by the Medical Provider shall record the total amount the Provider believes it is owed for Pre-rehabilitation Claims. This amount reported should include the amount owed for claims listed on Net Manager and those that were not listed.
3. The Provider shall provide supporting documentation only for claims not listed on Net Manager and for claims that the Provider would like to amend or supplement.
4. Providers shall not submit claims with dates of service more than one (1) year prior to June 30, 2003, and shall not submit modifications or amendments to claims more than six (6) months after the date of service.
5. Providers shall not submit claims details for claims covered by a settlement agreement with The Wellness Plan. The settlement agreement must be identified on the claim form.
6. The Rehabilitator may request and the Provider shall provide such additional information, data and documentation including affidavits and testimony under oath, necessary to verify the Provider's claims.

7. Claims and, when required, supporting documents shall be delivered to the Deputy Rehabilitator at:

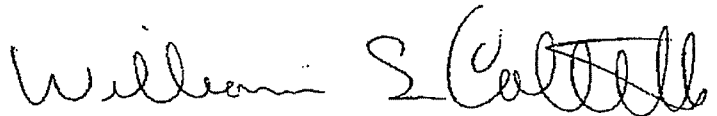
The Wellness Plan
P.O. Box 02577
Detroit, MI 48202

ATTN: Rehabilitation Claims

b. All other Creditors:

1. Each creditor shall submit a claim form to the Rehabilitator.
2. The Rehabilitator may request and the Creditor shall provide such additional information, data, and documentation including affidavits and testimony under oath, necessary to verify the Creditor's claim.
3. Claims and, when required, supporting documents shall be delivered to the Deputy Rehabilitator at:

The Wellness Plan
2875 W. Grand Blvd.
Detroit, MI 48202
ATTN: Donn Merrill/AP Claims



HON. WILLIAM E. COLLETTE
CIRCUIT JUDGE

PROOF OF CLAIM

REHABILITATION OF THE WELLNESS PLAN

CASE NO: 03-1127-CR

CIRCUIT COURT OF INGHAM COUNTY, STATE OF MICHIGAN

DEADLINE TO DELIVER A PROOF OF CLAIM IS: 5:00 PM OCTOBER 24, 2003

See September __, 2003 Court Order for additional instructions on filing your Claim.

CLAIMANT INFORMATION

Name Claimant: _____

Name and Address where
notices should be
sent: _____

Social Security Number: _____ Federal Tax ID Number _____

Provider ID Number: _____

Name and Address of Claimant Attorney (if any): _____

CLAIM INFORMATION

Basis for Claim: ___ Goods Sold; ___ Services Performed; ___ Money Loaned;

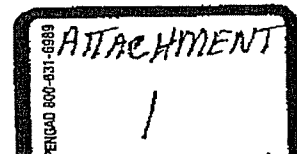
___ Personal Injury / Wrongful death; ___ Taxes; ___

Wages / Salary / Commissions / Compensation; ___ Settlement;

___ Medical Bills Paid by Member / Insured; ___ Other: _____

Claim description: (briefly state the date and facts of this claim or identify case name, court and docket number of prior litigation):

Total Amount of Claim on July 1, 2003: \$ _____ The amount of all payments on this claim
has been deducted for purposes of making this proof of claim: ___ Yes ___ No



Does claim include interest or other charges: ____ Yes ____ No If Claim includes interest or other charges **attach an itemized statement** of all interest and additional charges.

Is your Claim secured by collateral (including a right to setoff): ____ Yes ____ No

Value of collateral: \$_____

Brief Description of collateral:

By signing this Proof of Claim, Claimant certifies that the information and supporting documents are true and accurate. Claimant acknowledges that the Rehabilitator may request additional or supplemental information or evidence and may require testimony under oath, affidavits or written statements to support this Claim.

Signed this ____ day of _____, 2003.

Claimant's Signature: _____

Type or print

Claimant Name: _____

Title: _____

After completion, return this signed Proof of Claim to:

Claims by Medical Providers:

The Wellness Plan
P.O. Box 02577
Detroit, MI 48202
ATTN: Rehabilitation Claims

All other Creditor claims:

The Wellness Plan
2875 W. Grand Blvd.
Detroit, MI 48202
ATTN: Donn Merrill/AP Claims

**NOTICE TO ALL CREDITORS OF
THE WELLNESS PLAN CLAIMS DEADLINE**

On July 1, 2003, the Ingham County Circuit Court placed The Wellness Plan into rehabilitation under MCL 500.8101 *et seq.* The Court has ordered that all Creditors must deliver a Proof of Claim to the Deputy Rehabilitator **no later than 5:00 p.m., Friday, October 24, 2003.**

Claims not received by the Rehabilitator by 5:00 p.m., Friday, October 24, 2003, are waived including the objections to the treatment of the claim or the failure to list or provide for the payment of a claim in a rehabilitation plan.

All creditor claims against The Wellness Plan are within the jurisdiction of the Ingham County Circuit Court and will be determined, resolved, paid and/or discharged, in whole or in part, according to the terms and conditions of an approved Rehabilitation Plan. Claims and supporting documents shall be delivered to the Deputy Rehabilitator, Eoshealth Regulatory Services at the address listed on the claim for and in the Court's Order.

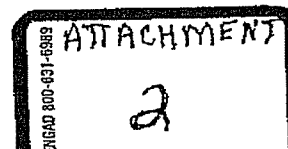
Claims must be submitted according to the instructions set forth in the Court's September 11, 2003 Order For Approval of the Rehabilitation Claims Filing Procedure and Deadline for Submission of Creditor Claims to the Rehabilitator and the Proof of Claim Form.

Claims Forms, Court Orders and additional information can be obtained from:

Office of Financial and Insurance Services
Telephone: (877) 999-6442
Website: www.michigan.gov/ofis/

The Wellness Plan
Telephone: (800) 975-9355
Website: www.wellplan.com

Court orders, notices and pleadings related to this matter are posted on the OFIS website.



C

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

LINDA A. WATTERS, COMMISSIONER,
~~OFFICE OF FINANCIAL AND INSURANCE SERVICES~~
FOR THE STATE OF MICHIGAN,

Petitioner,

v

File No. 03-1127-CR

THE WELLNESS PLAN,
a Michigan health maintenance organization

Hon. William E. Collette

Respondent.

At a session of said Court
held in the City of Mason, Michigan
on the 20th day of December, 2004.

PRESENT: HON. WILLIAM E. COLLETTE
CIRCUIT JUDGE

**ORDER APPROVING CLAIMS ADJUDICATION PROCEDURES FOR PRE-
REHABILITATION MEDICAL PROVIDER AND VENDOR CLAIMS**

The Rehabilitator has filed a petition setting forth a proposed procedure for adjudicating the claims of medical providers and vendors. The Court is fully informed concerning the circumstances of the petition.

IT IS HEREBY ORDERED that:

1. The claims adjudication procedures set forth in the "Rehabilitator's Petition To Approve Claims Adjudication Procedures For Pre-Rehabilitation Medical Provider and Vendor Claims" are approved.

2. The Rehabilitator is authorized to take steps to implement the claims adjudication procedure approved by this order as soon as practicable.

3. The Rehabilitator shall consult with the Court to determine a date for a hearing to establish the claims priorities classes, shall post notice of the hearing on the web page of the Office of Financial and Insurance Services, and shall notify pre-rehabilitation claimants who are not medical providers or vendors.

WILLIAM E. COLLETTE

Circuit Judge

D

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

LINDA A. WATTERS, COMMISSIONER,
OFFICE OF FINANCIAL AND INSURANCE SERVICES
FOR THE STATE OF MICHIGAN,

Petitioner,

v

File No. 03-1127-CR

THE WELLNESS PLAN,
a Michigan health maintenance organization

Hon. William E. Collette

Respondent.

**REHABILITATOR'S PETITION TO APPROVE CLAIMS ADJUDICATION
PROCEDURES FOR PRE-REHABILITATION MEDICAL PROVIDER AND VENDOR
CLAIMS**

Linda A. Watters, Commissioner of the Office of Financial and Insurance Services in her capacity as Rehabilitator of The Wellness Plan, by her attorneys, Michael A. Cox, Attorney General, and William A. Chenoweth, Assistant Attorney General, states the following in support of this Petition to establish claims adjudication procedures for pre-rehabilitation claims.

1. On September 11, 2003, this Court issued an Order for Approval of the Rehabilitation Claims Filing Procedure and Deadline for the Submission of Creditor Claims to the Rehabilitator. In that order, the Court established a claims filing deadline of Friday, October 24, 2003 for all creditors of The Wellness Plan to submit any claims for unpaid goods and services incurred prior to July 1, 2003. These claims are referred to as pre-rehabilitation claims.

2. This Court's September 11, 2003 order provided that pre-rehabilitation claims are waived if a completed rehabilitation claim form is not received by the Rehabilitator by 5:00 pm

on Friday, October 24, 2003. Accordingly, each claimant who filed a claim form that was received by the Rehabilitator after this claim filing deadline will be notified by certified mail that their claim is denied.

3. Attached to this Petition as Exhibit A is a listing of all medical providers and the amount of timely filed pre-rehabilitation claims that the Rehabilitator proposes that The Wellness Plan approve. Attached as Exhibit B is a listing of trade vendors and the amount of timely filed pre-rehabilitation claims that the Rehabilitator proposes that The Wellness Plan approve.

4. The Rehabilitator proposes that The Wellness Plan send the attached letter (Exhibit C) to all medical provider and vendor creditors who filed timely rehabilitation claims forms. The letter will also provide either an electronic file or hard copy containing detail showing the amount of pre-rehabilitation claims The Wellness Plan received, how those claims were adjudicated, and the amount The Wellness Plan has approved. Medical providers will also receive copies of their explanation of benefits for each pre-rehabilitation claim received. The letter will also contain instructions about how to file an objection if the creditor disputes the Rehabilitator's adjudicated claim amount. The letters and supporting documentation will be sent by certified mail.

5. In addition, Exhibit C will notify the medical provider and vendor claimants that this Court will hold a hearing to determine the claims priority classes; that notice of the hearing will be posted on the web page of the Office of Financial and Insurance Services not less than 30 days before the date of the hearing; and that claimants who wish to be heard on this question must file a written brief no fewer than 14 days before the hearing date. Other creditors will be separately notified of the hearing.

6. The Rehabilitator proposes that medical providers and trade vendors be given 30 days from receipt of the letter notifying them of the Rehabilitator's adjudication of their timely filed claim to file written objections. Any written objection must explain in detail why the creditor is disputing the amount of the pre-rehabilitation claim proposed by The Wellness Plan and include full supporting documentation. No objection may be made to the Rehabilitator's adjudication of a claim if, with respect to that claim, the claimant failed to file a proof of claim or filed a proof of claim that was received by the Rehabilitator after the claims filing deadline. If the Rehabilitator does not receive an objection from a creditor within the 30 days of receipt of the Rehabilitator's letter indicating the adjudicated amount of the creditor's claim, then the Rehabilitator's adjudicated claim amount becomes the final determination of the creditor's pre-rehabilitation claim. The creditor may not subsequently challenge the Rehabilitator's determination with respect to that claim. If the Rehabilitator receives a timely and complete written objection, the Rehabilitator may, at her discretion, either schedule a meeting to attempt to resolve the matter between the parties or provide a written explanation denying in whole or part the creditor's objection. The Rehabilitator must have the meeting or provide a written response within 30 days after receipt of the creditor's objection.

7. If the creditor and the Rehabilitator cannot reach an agreement on the differences regarding the amount of the creditor's pre-rehabilitation claim, either of them may request a hearing before a facilitator appointed by the court. The facilitator will make a recommendation to the Court regarding settlement of any issues regarding the amount of pre-rehabilitation claims owed by The Wellness Plan to the given creditor. The cost of the facilitator will be paid 50% by The Wellness Plan and 50% by the objecting creditor.

For these reasons, the Rehabilitator respectfully requests that this Court enter the attached order approving claims adjudication procedures for pre-rehabilitation medical provider and vendor claims.

Respectfully submitted,

Michael A. Cox
Attorney General

A handwritten signature in cursive script, reading "William A. Chenoweth". The signature is written in dark ink and is positioned above the typed name and address.

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November 30, 2004